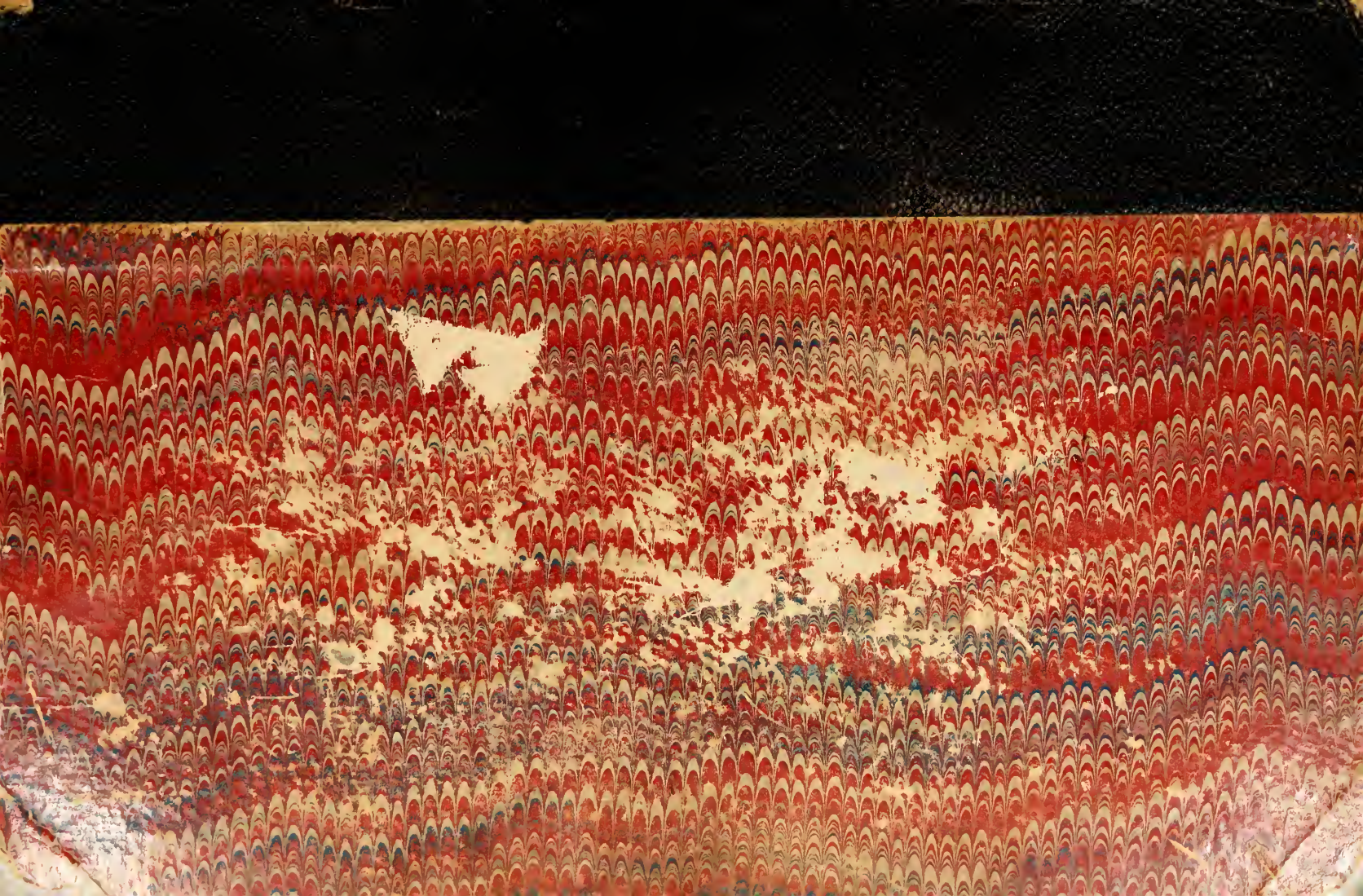

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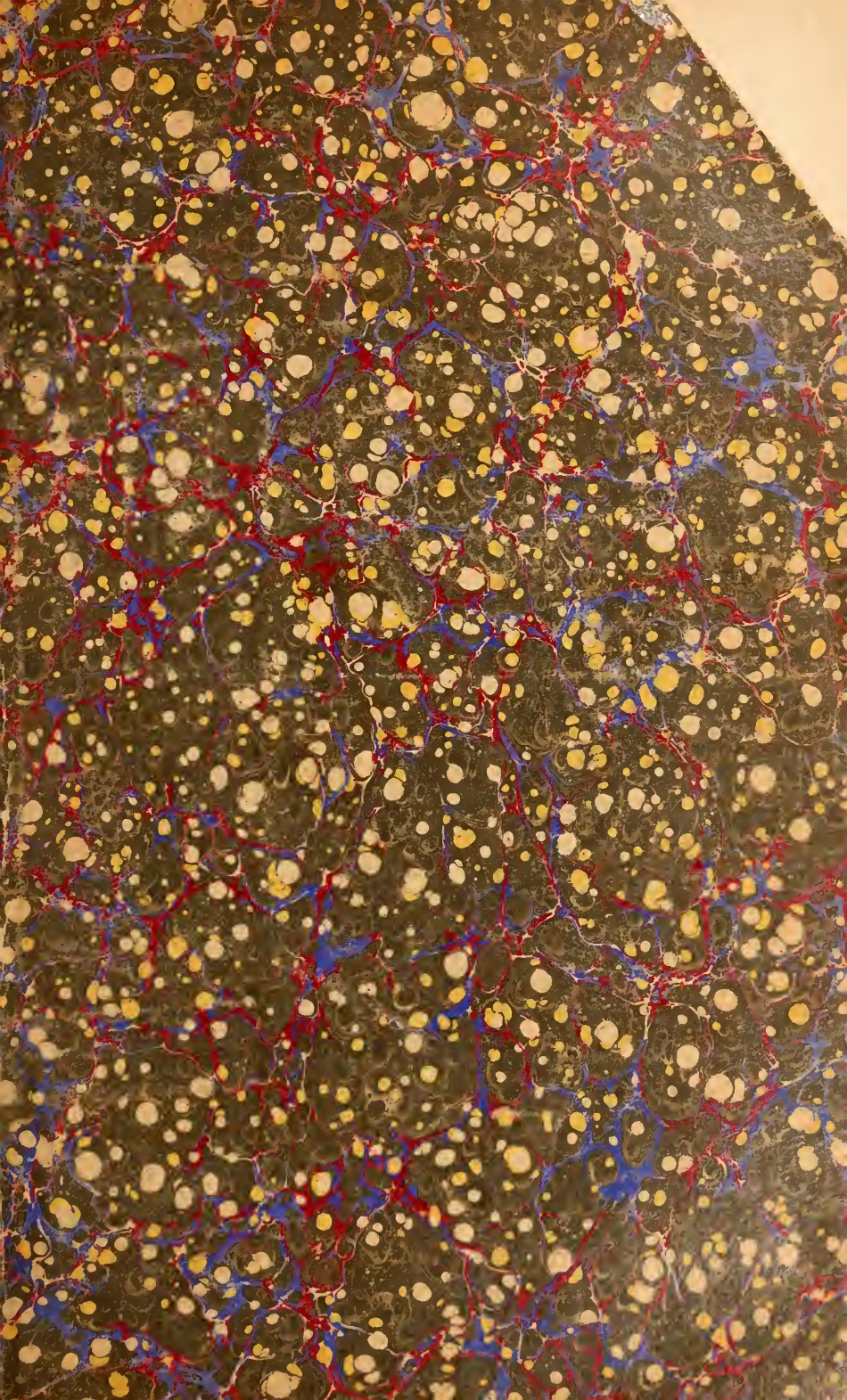

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MONEY PRINCIPLES

FORMULATED.

Presented as Subject of Discussion before the Pacific Social Science Association, November 9, 1880,

By S. W. HOLLADAY.

Law Printing and Publishing Company, Printers, 538 Sacramento Street.

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[Read before the Pacific Social Science Association, Nov. 9, 1880.]

MONEY PRINCIPLES FORMULATED.

1. One of the highest attributes of national sovereignty is the power and duty of making and issuing all the money used by the people and government.

2. No sovereignty can safely or properly abdicate that power, or delegate any part thereof to any inferior, whether such inferior be an individual, or an aggregate of individuals, like partnerships or corporations.

3. Money is not cosmopolitan—it is not international—it is purely and simply national; it is the creature of the law of the sovereign which makes it, and that solely and exclusively; or, stated in other words, no sort or kind of money, no matter how scarce or precious the material may be from which it is made, is money, in its legal or proper sense, outside of or beyond the limits of the jurisdiction of the sovereignty which created it.

4. The law only makes money; and that is money which the law declares to be such.

5. National sovereignty and independence imply a power and authority fully adequate to determine, prescribe, and establish the kind and quantity of money the citizens and the government shall use.

6. As the commercial value of all property in the nation is measured by the number of units of its money, that number should be as certain and invariable as human wisdom can devise.

7. Even-handed justice dictates that there should be but one kind of money for all the people of the nation issuing it; a common currency, not only among the people themselves, but between the people and the government itself.

8. The government may make its money of material having no commercial value, giving it all the uses, and hence all the efficiency, which any money, as such, can possess.

9. Money should have no other value than its money value.

10. Money should not be made of (or, in other words, the money stamp should not be placed on) pieces of the precious metals, because the commercial value of the metal in the coin is a quality separate and distinct from the function which the coin performs as lawful money; and the commercial value of the

material often comes in direct conflict with the duty which the coin should perform for its creator, the government, as money, and destroys it as such.

11. The quantity of money in a nation should be steady, and adjusted in proportion to the number of people; and the proper proportion *per capita* being once ascertained and established should never be varied.

12. No government can control the volume of its currency when its money is stamped upon pieces of the precious metals, because the bullion in the coin will leave the country in obedience to the demands of commerce, thus contracting the volume of money in spite of the government, and to the great prejudice of the people and their business.

13. The prices of all kinds of property rise and fall with the expansion or contraction of the volume of money in circulation; and this rule is the same, and the effect on prices is the same, whether the money volume thus expanded or contracted be made of paper or of the precious metals.

14. To reduce the volume of money one-half, is to reduce the prices of all sorts of property one-half; so that the money remaining will purchase as much property as the whole would have purchased before. This

multiplies the purchasing power of the remaining money by two, or divides the price of the property by two, while it leaves the debtor (bound by a mortgage executed before the contraction, for instance) liable to pay the same number of dollars that he owed before. His property will bring but one-half as many dollars as when mortgaged; besides, the stagnation of business attending such contraction makes it much more difficult to find a purchaser of the mortgaged premises at the reduced price, than it would have been before the contraction at the then full price.

15. Money of various sorts, as usually made of gold, silver, and paper, cannot co-exist in harmony under one government; for the dealers in each metal used as money are against the dealers in the other sort; there is an irrepressible conflict between the two metals, and a direful conspiracy of the two against the paper money, and the government also.

16. The rules of supply and demand affect the prices of all merchandise, including uncoined gold and silver; and legislation is as important to fix the relative values of the two metals uncoined, as of other articles of merchandise.

17. Among the proper functions of money are, on the part of the government, to pay all its expenses; and on

the part of the citizen, to pay debts, to pay taxes, State and National—to pay Custom-house duties—to purchase internal revenue stamps and post-office stamps—to purchase public lands—to purchase things desired—to pay a note at the bank—to pay and discharge a judgment—to pay office rent—grocery bills—lawyers' fees, and doctors' bills, etc., and at every such payment the money is "redeemed" for its full value. The money which will readily perform all these functions will be highly appreciated and sought for by all, irrespective of the material which bears such money stamp.

18. Paper money may perform all these functions, as perfectly and effectively as metallic money; and in many respects it is better than money made of the precious metals. It is lighter and more portable, and transmissible by mail. Its weight would not help sink a person in water, like metal; and if the paper money itself were sunk it would be no loss to the world, but only a loss to the individual owner, while it would be so much gain to the nation. So also with any accidental destruction of paper money; while the loss by natural wear of coins of precious metals, where the currency consists of such, is, in the aggregate, considerable, which is a total loss to the world, with no good

to any one. Paper money cannot be "sweated," clipped, punched, or stuffed like coins.

19. Our Federal Government has the power, and it is its plain duty (in order to give the fullest efficiency and highest credit to its own money) to restrain by law, with suitable penalties, all others from making and from issuing money or currency; and to restrain States from passing laws which shall, in words, substance, or effect, derogate from the exclusive use of the national money, whether such laws be called "specific contract" laws or otherwise.

20. Governments should not engage or participate in banking. The issuing of money by a government to its people, and the reception of the same in return, in payment of its revenues, is no more like banking, than the purchase of provisions by a man for his family and the payment of his debts, is like merchandising.

21. Money coined of the precious metals is timid and cowardly, and always sneaks away in times of trial and danger; while paper money is brave and patriotic—a bond of fidelity for its full face between the citizen and the nation creating it, in all emergencies. If the nation stands, his money remains good; if it falls, his money goes also—as it ought to.

22. The issuing of paper money by a sovereignty for and in full payment of all its expenses, and the reception of the same money for all its revenues, keeps up the healthy circulation of the life-blood of commerce through the heart of the nation, its Treasury, in harmony with the analogies of all nature.

S. W. HOLLADAY.

San Francisco, Cal., Nov. 2, 1880.

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